

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

140 N. 8th Street, Suite 290, Lincoln, Nebraska

Minutes

January 11, 2008

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:45 a.m. on Friday, January 11, 2008 with Chair Jim Titus, presiding. The roll was called with the following members present: Jim Titus, Anne Fuhrman, Kate King Wu, Michael Wassinger, Richard Zacharia, and Jim Rieker. Members Tom Obrist and Doug Skiles were absent. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert and Jo Lowe. The meeting was held at the Board Office at 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Chair Titus noted the location of the notebook containing the Public Open Meeting Act and asked if anyone present needed an agenda or had any questions regarding the law. New Board Member Jim Rieker was welcomed to the Board.
- B. Approval of Meeting Agenda for January 11, 2008.** Moved by King Wu, seconded by Wassinger, to approve the agenda, with addition for approval of December disbursements, for the January 11, 2008 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Rieker, Wassinger, and Zacharia voted aye. Member Obrist and Skiles were absent. Motion #1 carried.
- C. Approval of Minutes from November 16, 2007.** Moved by King Wu, seconded by Fuhrman, to approve the Board minutes from the November 16, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Rieker, Wassinger and Zacharia voted aye. Members Obrist and Skiles were absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, Nebraska Society of CPAs' (NSCPA) President, was present to report on the Society's recent Board meeting, the success of CPE and Ethics courses for 2007, and State Senators reception. The Society Board will be monitoring mobility legislation in other states and looks forward to working with the Board on the issue.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by King Wu, seconded by Wassinger, to approve the consent agenda. On a roll call vote, Members Titus, Fuhrman, King Wu, Rieker, Wassinger and Zacharia voted aye. Members Obrist and Skiles were absent. Motion #3 carried.
- B. Approval of Disbursements.** Board Secretary Fuhrman reviewed the disbursements. Disbursements for November and December 2007 were approved.
- C. Review of Board Budget Status Report.** The Budget Status Report was provided. Executive Director Sweetwood reported on the 2007-2008 fiscal year

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budget. The Executive Committee met on November 28, 2007 to set Board fees for 2008-2009 and make a recommendation to the Board.

- D. Office Management Report.** The Office Management Report was provided. It was noted that there is an increase of 36 active permits issued for the current licensing period over 2005-2007.

4. Report of the Chair

- A. Report of the Chair.** Chair Titus gave the report. The Board requested new chairs for the Board room. Staff will research options and provide sample chairs at the March meeting if available.
- B. Executive Committee Meeting Report.** The Executive Committee met on November 28, 2007 to review the budget and set Board fees, prepare for the annual evaluation of the Executive Director, review the Employee Recognition Program recommendations, and the education and training requests for staff. Staff has drafted an enhanced annual letter to be sent to all Nebraska permit and registration holders. The Committee agreed with the development of the enhanced letter. The Committee also reviewed a report on revenue from FY07 along with a Program Analysis by expenditure provided by staff.
- C. Approval of Board Fees for 2008 as of July 1.** Fees remain the same as 2007. Motion out of Committee to approve the recommended fees for 2008.
NBPA licensing fees for 2008:
- | | |
|--|-------|
| Active Permit to Practice | \$200 |
| Inactive Permit to Practice | \$ 80 |
| Reciprocal Certificate | \$200 |
| Firm Permit: P.C.s, LLCs, LLP's, Part. | \$ 50 |
| Certificate of Registration P.C.s & LLCs | \$ 25 |
| Office Fee: All firms | \$ 25 |
| CBT Examination/ Initial Admin. Fee | \$ 15 |
- On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #4 carried.
- D. Approval for Staff to Attend NASBA ED Conference, Austin, TX, March, 2008.** Motion out of Committee to allow ED Sweetwood and staff Kelly Ebert to attend the NASBA ED Conference, Austin, TX, March 1-5, 2008. It was noted ED Sweetwood will be directing two presentations at the conference. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #5 carried.
- E. Review Board Calendar.** Changes were noted to the Board calendar.
- F. Report on To Do List.** There was no report at this time.

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Closed Session

Closed Session. Moved by King Wu, seconded by Fuhrman, that the Board go into closed session at 9:15 a.m., for the purpose of updating the Board about current open enforcement cases, and to discuss litigation filed against the Board. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #6 carried. Chair Titus restated that the purpose for the closed session was to update the Board about current open enforcement cases, and to discuss litigation filed against the Board.

Return to Open Session. Moved by King Wu, seconded by Fuhrman, that the Board return to open session at 9:27 a.m. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #7 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update: Public Hearing for Complaint Case #07-06, 10:00 a.m.** Committee Chair Zacharia reviewed the open cases. The Board requested that all open cases be listed on the Board report in the future. At 10:00 a.m., Hearing Officer Jim Titus commenced the public hearing for Mary Ritchie, Enforcement Case #07-06, with exhibits entered into the record. Ms. Mary Ritchie was present and represented by Counsel Benjamin Thompson. Board Counsel Robert Gruit represented the Board. The hearing ended at 1:26 p.m.
- B. Recommended Closure of Enforcement Cases.** Motion out of Committee to recommend that the Board close case # 07-02. The CPA firm agreed to complete CPE as recommended. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #8 carried.
- C. Report on To Do List.** There was no report at this time.

6. Report of Continuing Professional Education (CPE) Committee

- A. Report of the Committee.** Committee Chair Zacharia gave the report. The Committee reviewed a total of 114 courses from November 6, 2007 to December 28, 2007, with 114 approved and 0 denied. The Committee reviewed the CPE sponsor applications for 360 Training and CFO Resources. The Committee reviewed the staff evaluation of reinstatement applications and referred the list to the Licensing Committee. CPE on-line reporting is working with a few problem areas such as lost passwords. The Committee is also reviewing a possible limitation on the number of hours allowed for non-technical courses and is looking at the 23 fields of study approved by NASBA. Staff will monitor such items as the number of non-technical courses being taken, the number of people taking non-technical courses, specific course content, and the number of sponsors

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providing the courses. Staff was requested to gather input from other states regarding non-technical courses. The CPE Guidelines will be reviewed by staff with recommended revisions provided to the Committee in 2008. Ms. Yordanos Dumez, NASBA CPE Director, will be invited to attend a future Board meeting to discuss NASBA's CPE approach.

- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 114 courses from November 6, 2007 to December 28, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #9 carried.
- C. Ratification of CPE Sponsor.** Motion out of Committee to approve 360 Training and CFO Resources as CPE sponsors. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #10 carried.
- D. Report on To Do list.** The To Dos are listed in the Committee Report.

Closed Session

Closed Session. Moved by King Wu, seconded by Wassinger, that the Board go into closed session at 2:45 p.m., for the purpose of deliberating on Case #07-06. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #11 carried. Chair Titus restated that the purpose of the closed session was deliberating on Case #07-06.

Return to Open Session. Moved by King Wu, seconded by Fuhrman, that the Board return to open session at 3:20 p.m. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #12 carried.

5. A. Enforcement Committee

A. Public Hearing for Complaint Case #07-06 – Mary Ritchie, 10:00 a.m.

DECISION AND ORDER

The Board finds that the Respondent did violate the provisions of the Public Accountancy Act, and further violated the Board's Rules and Regulations as set forth in the Findings of Fact and Conclusions of Law attached hereto.

The Board further finds that the Respondent should be placed on probation subject to the Board's Rules and Regulations and subject to the Public Accountancy Act until the successful completion of Respondent's probation as set forth below.

The terms and conditions of probation shall be as follows:

- a. The Respondent shall be placed on probation for three (3) years from the date of this Order, and shall pay a civil penalty of \$2,000.00 within 30 days of the effective date of this Order. Also, the Respondent shall within 30 days reimburse the Board for the court reporter's fee of \$100.00.

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b. The Respondent shall comply in all respects with all provisions of the Nebraska accountancy laws and all Rules and Regulations of the Board.

c. The Respondent shall timely respond to all inquiries from the Board or the Board's representatives and shall timely file all required applications and documents with the Board.

d. The Respondent shall within 21 days from the effective date of this Order, for the period ending June 30, 2008, file applications for active individual permit to practice and firm permit to practice, or file for inactive status, or surrender her Nebraska certificate. The Board will waive QEP/Peer Review requirements for the application period ending June 30, 2008 only. Respondent must apply for renewal by June 30, 2008 for active individual permit to practice and firm permit to practice, or file for inactive status, or surrender her Nebraska certificate, and will be subject to the QEP program in May 2008 as a condition of the June 2008 renewal of an active individual permit to practice and firm permit to practice.

e. The Respondent shall perform no governmental audits during the probation period without prior submission of adequate governmental Continuing Professional Education and a Pre-Issuance review by a qualified CPA.

Staff will determine the appropriateness of Continuing Professional Education submitted by Respondent. Determination by the staff will be made in the normal course of business and will be dependent upon documents submitted by Respondent to demonstrate compliance.

In view of this Decision and Order, the oral motion to dismiss made by Respondent's counsel at the hearing should be overruled.

WHEREFORE, IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Respondent is placed on probation for her conduct as set forth in this Decision and Order. The Respondent Mary E. Ritchie shall retain her Nebraska CPA certificate and obtain an active permit to practice as long as she remains in compliance with all of the Nebraska accountancy laws and rules and regulations of this Board, and as long as she complies with all of the terms of probation as set forth above and a current permit may be issued forthwith upon submission of the appropriate documents and payment of appropriate fees. In the event the Respondent violates the terms and conditions of the probation, the Board shall be entitled to pursue such other remedies as Nebraska law and the Board's rules and regulations allow. The Board shall have the right in such event to take such further action against Respondent as the Board in its discretion deems appropriate. Respondent's motion to dismiss is overruled.

IT IS SO ORDERED.

DATED this 11th day of January, 2008 which shall be the "Effective Date" of this Order.

STATE BOARD OF PUBLIC
ACCOUNTANCY OF THE STATE OF
NEBRASKA, Complainant,

BY: _____
Jim Titus, Chair

On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #13 carried.

7. Report of Education & Exam (E&E) Committee

A. Report of the Committee. Committee Member Wassinger gave the report. Staff will work with the Univ. of Phoenix to provide courses for Board review to meet

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the subject area requirements to sit for the CPA exam. ED Sweetwood reported on a CPAES administrative issue. Staff will work on a survey to be sent to recent successful candidates about their exam experience. Moved by King Wu, seconded by Fuhrman, to develop a survey of successful exam candidates related to their exam process experience. On a roll call vote, Members Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Members Titus and Skiles were absent. Motion #18 carried. Due to a revision in the CPA Exam diagnostic reports, some parts of the exam were hidden from scoring, affecting a Nebraska candidate, whose score changed from fail to pass. A letter was received detailing the issue and was reviewed by the Committee. Motion out of Committee to approve the re-score. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #14 carried.

- B. Approval of CPA Exam Scores for Nov. – Dec. 2007.** Exam score statistics were provided to the Board. Moved by Wassinger, seconded by King Wu, to approve the CPA Exam scores for the Nov. – Dec. 2007 Window. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #15 carried.
- C. Report on To Do List.** There was no report at this time.

8. Report of the Legislative Committee

- A. Report on Legislation.** William Strain, CPA, AICPA UAA Committee Chair, was invited to discuss the Uniform Accountancy Act (UAA) Exposure draft regarding mobility of CPAs on the national level. Approximately 20 states are currently working on legislation to incorporate mobility into law. He provided handouts and answered Board questions about cross border practice. ED Sweetwood acknowledged that the PAA 1-163 is currently the temporary practice provision for Nebraska that allows the professional to determine the need for licensure. The Legislative Committee expects to meet with NSCPA leadership in May 2008 to discuss the status of mobility in Nebraska.
- B. Report on To Do List.** There was no report at this time.

9. Report of Quality Enhancement Program (QEP) Committee

- A. Report of the Committee.** Committee Chair Fuhrman gave the report. She updated the Board about a practitioner who continues to be concerned with his QEP rating and CPE requirement. A letter will be drafted by ED Sweetwood, reviewed by the Committee and sent to the practitioner indicating no changes will be made to the Committee's final recommendation. The CPE requirement remains in effect for his 2008 firm licensure along with additional time to complete.
- B. Report on To Do List.** There was no report at this time.

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10. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Obrist gave the report. The Board has received three letters requesting a hearing to return revoked certificates to good standing. The Committee requested that the Board discuss the process at the Board meeting. Letters requesting a hearing will be reviewed by the Licensing Committee to help determine if the person should be present for the hearing. The random audit process for review of the use of firm disclosure statements was discussed. Board staff will add a question to the firm renewal applications regarding use of disclosure forms so that a packet of information could be mailed to the firm. It was stressed the goal of the process would be educational at this point. The Yellow Page advertising issue by non-CPAs seems to have diminished, as no out of place ads were found in one 2007 phone book.
- B. **Ratification of initial permits to practice issued, certificates issued, firm permits.** Motion out of Committee to approve the permits to practice, certificates, and firm permits, issued between November 16, 2007 and January 10, 2008. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #16 carried.
- C. **Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to approve the reinstatements, inactive - retired affidavits, and surrendered certificates received between November 16, 2007 and January 10, 2008:
- | | |
|-------------------|-------------------------------|
| Reinstatements: | Elizabeth A. Fullerton |
| | Loretta J. Long |
| | Roddy P. Heng |
| | Christina M. Chapman |
| | Richard D. Severson |
| Inactive-Retired: | David Datesman, Bellevue NE |
| | Terry Johnson, Ogallala NE |
| | Wesley Stille, Storm Lake, IA |
| | Michl McGee, Cheyenne, WY |
- On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #17 carried.
- E. **Report on To Do List.** There was no report at this time.

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11. Report of Executive Director

- A. Annual Letter Enhancement.** Staff has been working on the annual letter and expects to provide a glossy, professional communication that includes statistical information and yearly summaries of the Board's committees. All active permit holders and inactive registrants will receive this publication. Overall, the Board agreed this was a good idea.
- B. Report on Nebraska.gov Online Processes.** ED Sweetwood reported that the CPE module is up and running smoothly with a few minor issues that have been corrected as staff were notified. About 800 people have reported online. A project status report was provided to the Board. The online license renewals should be ready by the spring of 2008.
- C. Budget Update.** The ED gave an update of the budget status for the fiscal year. The Board directed staff to purchase new Board room chairs preferably with a moveable back and height levers.
- D. Staffing and General Office Issues.** ED Sweetwood indicated he was preparing to speak on two topics at the upcoming ED meeting in March.
- C. Report on To Do List.** There was no report at this time.

12. New Business

- A. National Association of State Boards of Accountancy (NASBA) Items.**
 - 1.) NASBA** The nomination letter for Vice-Chair was reviewed for NASBA.
 - 2.) NASBA FYIs.** Various articles relating to NASBA were noted.
- B. Other Miscellaneous Items.** Various articles were noted related to the CPA profession as provided by staff.

13. Adjournment

Moved by Obrist, seconded by Rieker, to adjourn the meeting at 4:58 p.m. on Friday, January 11, 2008. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Rieker, Wassinger and Zacharia voted aye. Member Skiles was absent. Motion #19 carried.

Respectfully submitted by,

Anne K. Fuhrman
Board Secretary